

CFS RETAIL PROPERTY TRUST GROUP (CFX)

Comprising:

CFX Co Limited ABN 79 167 087 363

CFS Retail Property Trust 1 ARSN 090 150 280

Responsible Entity: Commonwealth Managed Investments Limited

ABN 33 084 098 180 AFSL 235384

15 May 2014

ASX ANNOUNCEMENT

Chadstone Shopping Centre to commence \$580 million retail and office development

CFS Retail Property Trust Group (CFX or the Group) advises that it has received final Board and joint-owner approval to proceed with the next stage of development of Chadstone Shopping Centre.

The \$580 million project (CFX share: \$290 million) will expand the centre overall by 34,000 sqm to more than 212,000 sqm, and incorporate a revitalised west mall with an expanded luxury offer, a new North Retail entertainment and leisure precinct, and a new 17,000 sqm office building.

In keeping with the Group's commitment to responsible property investment, the development will target 5-star Green Star ratings on both the office and retail projects.

Mr Angus McNaughton, Managing Director and CEO, said: "This is an important next step in the evolution of Chadstone, allowing us to modernise and complete the 'race track' configuration of the shopping centre, whilst meeting strong retailer and consumer demand for new luxury and international flagship offers, as well as delivering an exciting new cinematic experience.

"The existing west mall will have an expanded luxury offer, while the new North Retail precinct will accommodate a new state-of-the-art Hoyts digital cinema complex, up to five international flagships in 11,000 sqm of space, 40 new retailers, and a new 1,300-seat, 26-tenancy food gallery. Target will also be relocated to the lower ground floor in a new 7,000 sqm store.

"A 10-level, 17,000 sqm office building at the southern end of the Chadstone site will also be developed. The building will have a 5-star Green Star rating (As-Built V3), and 4.5-star NABERS Energy rating, and will feature large, efficient 1,755 sqm floor plates."

Early works and demolition are due to begin in June, with construction starting in September this year and staged openings through to completion at the end of FY17.

The project is targeting an initial yield on completion of greater than 6%, with a target internal rate of return greater than 10%. It is expected to be funded with a combination of new debt and proceeds from the Distribution Reinvestment Plan

(DRP), noting that from time to time the DRP may be turned off, depending on CFX's security price.

Mr Michael Gorman, Deputy CEO and Chief Investment Officer, said: "The North Retail project, featuring a new entertainment and leisure precinct and a range of international flagship retailers, will be focused around a four-level atrium with Australia's first gridshell glass roof. The design completes the iconic glass-roofed mall circulation which links all parts of the centre."

"The completed development will add a new bus interchange and 800 new car spaces, taking the total number of car spaces at the centre to over 10,000.

"This development will further reinforce Chadstone's position as the number one shopping centre in Australia," Mr Gorman concluded.

Key asset metrics:

	Pre development	Post development	Net movement
Centre GLA (sqm)	178,500	212,300	33,800
Retail GLA (sqm)	158,600	178,200	19,600
Office NLA (sqm)	19,900	34,000	14,100
Car spaces	9,290	10,090	800
Number of tenants ^a	510	554	44
Total majors	6	6	-

GLA and NLA quoted above may not sum due to rounding.

a. Including bulky goods but excludes new office tenants.

Further details of the development are available in the attached presentation.

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About Chadstone Shopping Centre

Chadstone Shopping Centre is a two-level super-regional shopping centre located approximately 13 kilometres south-east of Melbourne's CBD. The centre is anchored by David Jones, Myer, Kmart, Target, Coles, Woolworths, Aldi, Zara, GAP, JB Hi-Fi and Hoyts cinemas and includes more than 490 specialty stores, featuring a major international luxury precinct. Since attaining the status of Australia's leading shopping centre a number of years ago, the asset continues to be the pre-eminent retail shopping centre destination in Australia with over 20 million annual visitors and centre sales of over \$1.4 billion.

About CFS Retail Property Trust Group (CFX)

CFX is one of Australia's leading independently managed retail property groups, with a fully integrated funds and asset management platform, and \$13.8 billion in assets under management. Listed on the Australian Securities Exchange, CFX holds interests in 28 directly-owned retail assets across Australia and manages a further 15 assets on behalf of strategic partners (nine of which are co-owned with CFX) and has over 17,000 investors across 15 countries. For more information, visit cfsгам.com.au/cfx

CFX

CFS Retail Property Trust Group



Chadstone retail and office development

Approvals received, \$580 million project to commence

15 May 2014



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Chadstone development to proceed

Overview

- CFX and Gandel Group boards have approved the North Retail and office project
- Total project cost \$580 million; CFX share (50%) \$290 million
- Additional 20,000 sqm of retail and a new 10-level, 17,000 sqm office building
 - Early works and demolition to commence June 2014
 - Construction to commence September 2014
 - Staged openings through to completion by end of FY17



Artist's impression – northern atrium

Chadstone development to proceed

Key metrics



Key development metrics

Total project cost (\$m)	580
CFX share ² (\$m)	290
Target initial yield ³ (%)	>6
Target IRR (%)	>10

1. From time to time the DRP may be turned off, depending on CFX's security price.
2. 50% interest, cost is indicative only.
3. Yield is approximate and based on forecast first-year income after development completion.

- Funding from new debt and Distribution Reinvestment Plan (DRP)¹
- Strong demand from international and luxury brands



Artist's impression - entertainment and leisure entrance

Development summary

North Retail precinct



- New entertainment and dining precinct, including state-of-the-art Hoyts digital cinema complex (13 screens)
- Up to five international flagship stores
- New 7,000 sqm Target store
- Additional 40 new retailers
- Expanded luxury offer in the existing West mall
- New 1,300-seat, 26-tenancy food gallery
- Four-level atrium space with Australia's first gridshell roof
- Additional 800 car spaces across the centre, taking the total to over 10,000
- 5-star Green Star rating (Design and As-Built)



Artist's impression - west mall extension ground level

Development summary

South office precinct

- New 10-level, 17,000 sqm office building
- Large efficient 1,755 sqm NLA floor plate
- Gandel Group pre-commitment for 10% of building (one floor)
- Targeting sustainability ratings:
 - 5-star Green Star (As-Built V3)
 - 4.5-star NABERS Energy rating
- New four-level basement car park
- New centralised bus interchange (14 bays)
- New direct access road to basement car park



Artist's impression – bus interchange and office

Before and after site maps

Ground level through to level one

Before
Ground level



After
Ground level
Mezzanine
Level 1



Before and after site maps Lower ground level

Before

Lower ground level



After

Lower ground level



- Department store
- Discount department store
- Supermarket
- Other majors
- Specialties
- Other retail
- Mini major
- Non retail
- Currently under development

Chadstone development to proceed Development statistics



Artist's impression – east mall extension ground level

	Pre development	Post development	Net movement
Centre GLA (sqm)	178,500	212,300	33,800
Retail GLA (sqm)	158,600	178,200	19,600
Office NLA (sqm)	19,900	34,000	14,100
Car spaces	9,290	10,090	800
Total number of tenants*	510	554	44
Total majors	6	6	-

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North Retail precinct
International flagship retail and atrium



Artist's impression

South office precinct
Office tower



Artist's impression

Further information



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